



First Capital

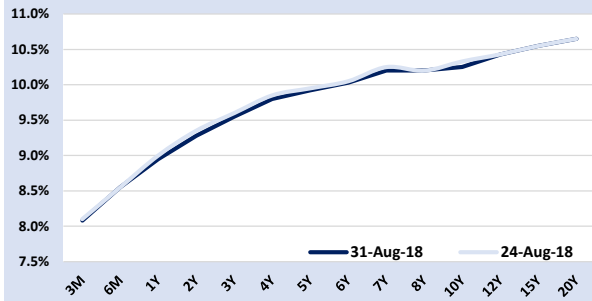
DAILY MARKET WATCH

First Capital Research

August 31, 2018

FIXED INCOME

YIELD CURVE BASED ON MID RATES & MARKET COMMENTARY



Secondary market yield curve shifted slightly downwards with activity mainly centered on mid tenure maturities. Buying interest was witnessed on the following maturities, 01.03.21 & 01.05.21 both traded at 9.50%, 01.08.21 at 9.55%, 15.12.21 at 9.65%-9.60% levels, 15.07.23 at 9.92%, 01.08.24 at 10.02% and 01.09.28 at 10.30%, while overall market witnessed moderate volumes.

T-BILLS & T-BONDS 2 WAY QUOTE AND CHANGE OVER LAST WEEK

| Tenure | Bid | Offer | Today | Last Week | Change (bps) |
|-----------------|--------|--------|--------|-----------|--------------|
| < 91 Days < 3M | 8.10% | 8.05% | 8.08% | 8.10% | -2 |
| < 182 Days < 6M | 8.60% | 8.50% | 8.55% | 8.55% | 0 |
| < 364 Days < 1Y | 9.00% | 8.90% | 8.95% | 9.00% | -5 |
| 01-May-20 < 2Y | 9.30% | 9.25% | 9.28% | 9.35% | -7 |
| 01-Aug-21 < 3Y | 9.60% | 9.50% | 9.55% | 9.60% | -5 |
| 01-Jul-22 < 4Y | 9.85% | 9.75% | 9.80% | 9.85% | -5 |
| 15-Jul-23 < 5Y | 9.93% | 9.90% | 9.92% | 9.95% | -3 |
| 01-Aug-24 < 6Y | 10.05% | 10.00% | 10.03% | 10.05% | -2 |
| 01-Aug-25 < 7Y | 10.25% | 10.15% | 10.20% | 10.25% | -5 |
| 01-Jun-26 < 8Y | 10.25% | 10.15% | 10.20% | 10.20% | 0 |
| 01-Sep-28 < 10Y | 10.30% | 10.20% | 10.25% | 10.33% | -8 |
| 15-May-30 < 12Y | 10.50% | 10.35% | 10.43% | 10.43% | 0 |
| 15-Jan-33 < 15Y | 10.60% | 10.50% | 10.55% | 10.55% | 0 |
| 15-Mar-35 < 20Y | 10.80% | 10.50% | 10.65% | 10.65% | 0 |

PRIMARY AUCTION

T-BILL AUCTION

| Tenor | Current | Previous | Change |
|--------------------|-----------|-----------|--------|
| | 29-Aug-18 | 21-Aug-18 | (bps) |
| 91 days | 8.03% | 8.09% | -6 |
| 182 Days | N/A | 8.60% | N/A |
| 364 Days | 8.99% | 9.00% | -1 |
| Date of Settlement | 31-Aug-18 | | |

| | Offered | Bids | Accepted |
|----------|-----------|-----------|-----------|
| | LKR ('Mn) | LKR ('Mn) | LKR ('Mn) |
| 91 days | 5,000 | 11,520 | 5,000 |
| 182 Days | N/A | N/A | N/A |
| 364 Days | 7,500 | 25,655 | 7,500 |
| TOTAL | 12,500 | 37,175 | 12,500 |

T-BOND AUCTION

| Bond Type | Yield | Offered | Bids | Accepted |
|---------------|--------|---------|---------|----------|
| 10.20%2023'A' | 9.91% | 45,000 | 84,225 | 45,000 |
| 10.75%2028'A' | 10.20% | 53,000 | 131,698 | 53,000 |
| TOTAL | | 98,000 | 215,923 | 98,000 |

MATURITY TABLE FOR NEXT WEEK

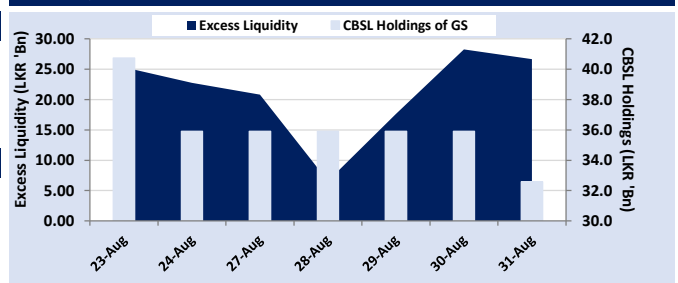
| Type | LKR ('Mn) | USD ('Mn) |
|-----------------------|-----------|-----------|
| T-Bills | 10,457 | |
| T-Bonds | 0 | |
| T-Bond Interest | 19,837 | |
| SLDBs/Sovereign Bonds | | 0 |
| TOTAL | 30,294 | 0 |

LIQUIDITY, CBSL HOLDINGS & MARKET INTEREST RATES

MARKET LIQUIDITY

| | 31-Aug-18 | Repo | Reverse Repo |
|--|-----------|-----------|--------------|
| Mid-day Auction | | [LKR 'Bn] | [LKR 'Bn] |
| Offered | | 25.0 | 0.0 |
| Bids | | 16.3 | N/A |
| Accepted | | 6.8 | N/A |
| Weighted Average Rate (%) | | 7.93% | N/A |
| Standing Facility | | SDF | SLF |
| Rate | | 7.25% | 8.50% |
| Value [LKR 'Bn] | | 22.6 | 2.7 |
| O/N Surplus/(Deficit) | | | 26.6 |
| CBSL Holdings of Government Securities [LKR 'Bn] | | | 32.6 |

EXCESS LIQUIDITY & CBSL HOLDINGS OF GOVERNMENT SECURITIES



MONEY MARKET RATES

| | High | Low | W.Avg | Value [LKR 'Bn] |
|------------|-----------------|-------|-------|-----------------|
| Call Money | 31-Aug-18 8.15% | 7.80% | 7.92% | 12.2 |
| Repo Rates | 31-Aug-18 8.35% | 8.00% | 8.07% | 14.1 |

OUTSTANDING STOCK

| | 21-Aug-18 | Previous Week | Change (%) |
|---------------------------|-----------|---------------|------------|
| T-Bills [LKR 'Mn] | 798,619 | 798,259 | 0.0% |
| T-Bonds [LKR 'Mn] | 4,178,799 | 4,178,799 | 0.0% |
| TOTAL | 4,977,418 | 4,977,058 | 0.0% |
| Foreign Holding [LKR 'Mn] | 276,885 | 284,432 | -2.7% |
| Foreign Holding (%) | 5.6% | 5.7% | |

MARKET INTEREST RATES

| | 21-Aug-18 | Last Month | Change (bps) |
|--------------------------|---------------|------------|--------------|
| AWPLR | 11.91% | 11.44% | 47 |
| FD Ceiling Rate (1 Year) | 2H2018 12.46% | | |

GLOBAL OUTLOOK FOR INTEREST RATES AND EXCHANGE RATES

US TREASURIES

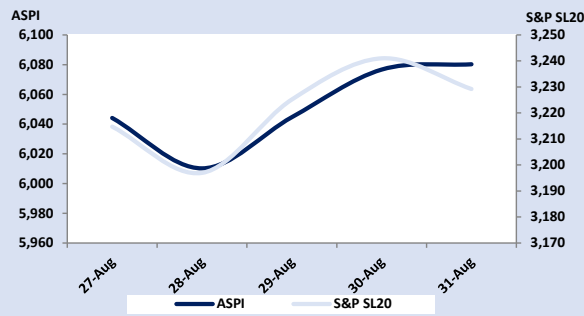
| | 24-Aug-18 | 17-Aug-18 | Change (bps) | Last Month | Change (bps) |
|---------|-----------|-----------|--------------|------------|--------------|
| 1 Year | 2.44% | 2.44% | 0 | 2.44% | 0 |
| 2 Year | 2.63% | 2.61% | 2 | 2.67% | -4 |
| 5 Year | 2.72% | 2.75% | -3 | 2.85% | -13 |
| 10 Year | 2.82% | 2.87% | -5 | 2.96% | -14 |
| 30 Year | 2.97% | 3.03% | -6 | 3.08% | -11 |

EXCHANGE RATES

| | 31-Aug-18 | Last Month | Change (%) |
|------------------|-----------|------------|------------|
| USA Dollar | 161.47 | 159.71 | -1.1% |
| UK Pound | 210.11 | 209.55 | -0.3% |
| EU Euro | 188.33 | 186.98 | -0.7% |
| Japan Yen | 1.46 | 1.44 | -0.8% |
| Australia Dollar | 117.07 | 116.65 | -0.4% |

EQUITY

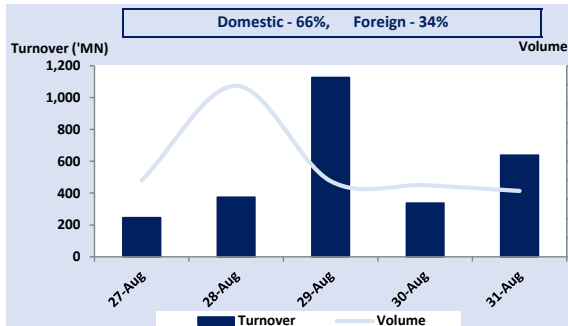
MARKET INDICES



MARKET PERFORMANCE

| | Today | Previous | Change (%) |
|-----------------------------|----------|----------|------------|
| ASPI | 6,080.26 | 6,076.68 | 0.06% |
| S&P SL20 | 3,229.21 | 3,241.00 | -0.36% |
| Turnover (LKR 'Mn) | 639.00 | 337.89 | 89.12% |
| Volume ('Mn) | 17.24 | 18.73 | -7.97% |
| Market Cap. (LKR 'Bn) | 2,848.52 | 2,846.85 | 0.06% |
| Market Cap. (USD 'Bn) | 17.64 | 17.63 | 0.06% |
| Traded Companies | 231 | 226 | 2.21% |
| Foreign Purchases (LKR 'Mn) | 168.53 | 84.51 | 99.43% |
| Foreign Sales (LKR 'Mn) | 268.39 | 161.39 | 66.29% |
| Net Foreign flow (LKR 'Mn) | -99.86 | -76.89 | -29.87% |

MARKET TURNOVER & VOLUME



MTD Net Foreign Flow (LKR 'Mn)

-1,651.12

YTD Net Foreign Flow (LKR 'Mn)

-4,180.00

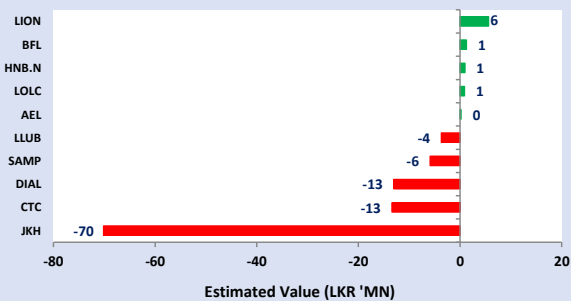
MARKET COMMENTARY

Bourse ended in green for the third straight session continuing the positive sentiment mainly contributed by NIFL and AHPL. ASPI witnessed a short lived hike during the first hour of trading reaching an intraday high of 6,098 followed by a continuous downtrend, closing the day at 6,080 losing 4 points. Turnover has increased and nearly 57% was derived by crossings. A net foreign outflow was witnessed for the fourth consecutive day with high foreign participation.

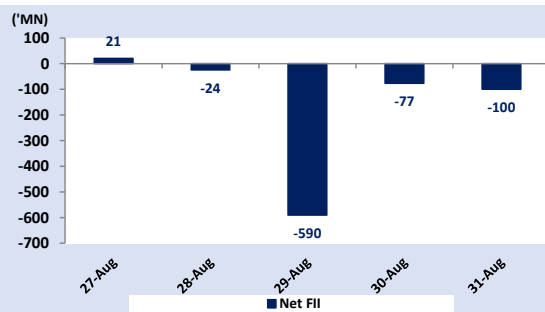
MAJOR CROSSINGS

| Stock | No. of Crossings | Price [LKR] | Quantity | Total Crossings |
|--------|------------------|-------------|-----------|-----------------|
| BLI | 1 | 35.00 | 2,693,335 | 8 |
| COMB.N | 3 | 124.00 | 755,435 | |

ESTIMATED LARGEST FOREIGN FLOW



NET FOREIGN FLOW



TOP 5 GAINERS

| | Today | Previous | Change (%) |
|---------------------|-------|----------|------------|
| ADAM INVESTMENTS | 0.20 | 0.10 | 100.00% |
| MTD WALKERS | 11.00 | 8.90 | 23.60% |
| AMANA LIFE | 12.40 | 10.10 | 22.77% |
| BRAC LNKA FINANCE | 48.20 | 40.90 | 17.85% |
| THE FINANCE CO. [X] | 1.40 | 1.20 | 16.67% |

TOP 5 LOSERS

| | Today | Previous | Change (%) |
|-------------------|--------|----------|------------|
| PARAGON | 55.20 | 64.70 | -14.68% |
| LUCKY LANKA [X] | 0.60 | 0.70 | -14.29% |
| CEYLINCO INS. [X] | 960.00 | 1,049.50 | -8.53% |
| MALWATTE [X] | 4.50 | 4.90 | -8.16% |
| BOGALA GRAPHITE | 13.40 | 14.50 | -7.59% |

TOP 5 TURNOVER

| | Price | Volume ('Mn) | Turnover ('Mn) |
|-----------------|--------|--------------|----------------|
| COMMERCIAL BANK | 125.00 | 1.1 | 133.46 |
| JKH | 140.00 | 0.8 | 110.05 |
| BIMPUTH FINANCE | 30.80 | 2.7 | 94.37 |
| SAMPATH | 279.90 | 0.3 | 93.16 |
| UNION ASSURANCE | 291.10 | 0.2 | 55.56 |

TOP 5 VOLUME

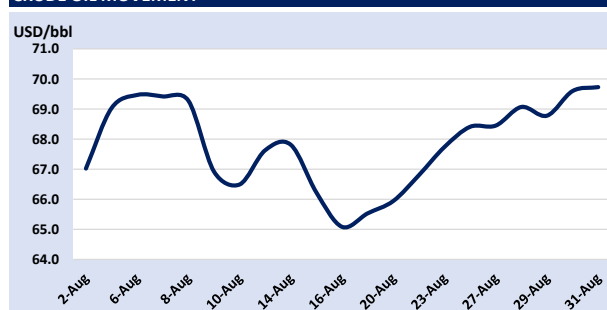
| | Price | Volume ('Mn) | Turnover ('Mn) |
|-----------------|--------|--------------|----------------|
| BIMPUTH FINANCE | 30.80 | 2.7 | 94.37 |
| DIALOG | 12.00 | 1.2 | 14.49 |
| EXPOLANKA | 4.00 | 1.1 | 4.49 |
| COMMERCIAL BANK | 125.00 | 1.1 | 133.46 |
| JKH | 140.00 | 0.8 | 110.05 |

GLOBAL MARKETS & COMMODITIES

GLOBAL COMMODITY PRICES

| | Current | Last Month | Change (%) |
|-------------------|---------|------------|------------|
| Crude Oil USD/bbl | 69.7 | 69.8 | 0.0% |
| Gold USD/t oz | 1,213.0 | 1,227.7 | -1.2% |
| Copper USd/lb. | 270.2 | 278.1 | -2.8% |
| Cotton USd/lb. | 82.4 | 89.5 | -7.9% |
| Aluminum USD/MT | 2,132.0 | 2,081.0 | 2.5% |

CRUDE OIL MOVEMENT



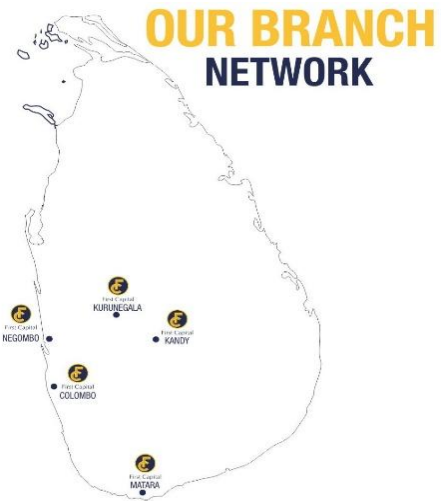
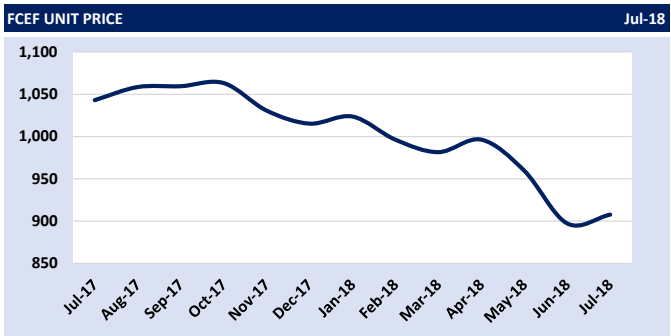
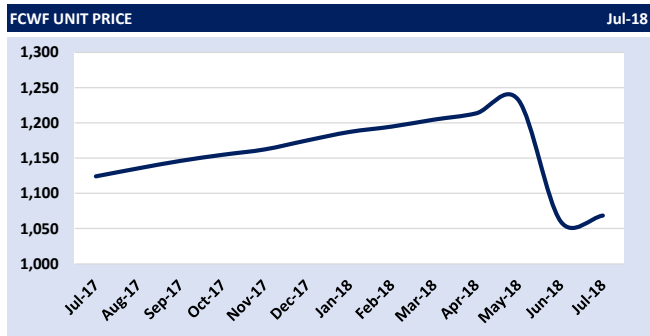
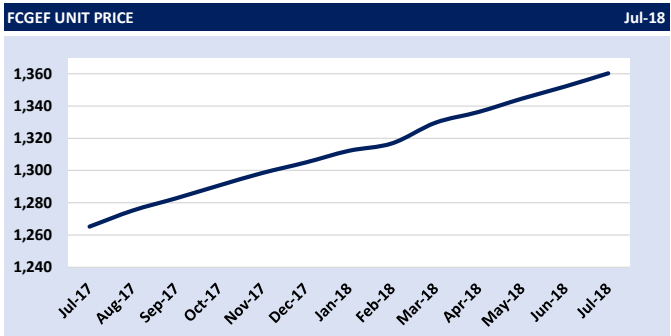
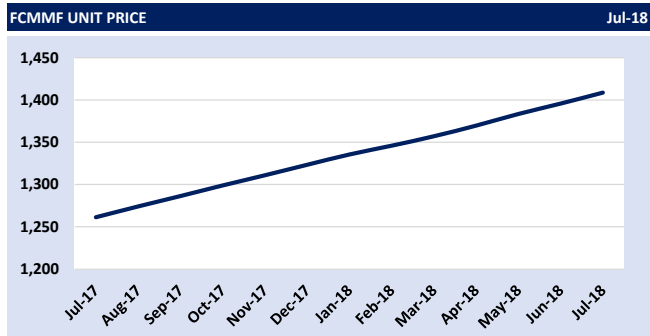
GLOBAL MARKETS

| | Current | Last Month | Change (%) |
|---------------|----------|------------|------------|
| DOW JONES | 25,986.9 | 25,306.8 | 2.7% |
| EURO STOXX 50 | 3,395.6 | 3,516.9 | -3.4% |
| FTSE 100 | 7,483.7 | 7,710.0 | -2.9% |
| NIKKEI 225 | 22,865.2 | 22,553.7 | 1.4% |

UNIT TRUSTS

| | Sell Price | Buy Price | AUM LKR 'Mn | Avg. Yield | Information on Fees | | |
|---------------------------------|------------|-----------|-----------------|------------|---------------------|-------------|-----------------|
| | LKR | LKR | As at July 2018 | | Mgmt Fee | Trustee fee | Performance Fee |
| First Capital Money Market Fund | 1,421.61 | 1,421.61 | 727 | 10.79% | 0.50% p.a. | 0.15% p.a. | N/A |
| First Capital Gilt Edge Fund | 1,368.09 | 1,368.09 | 46 | 0.00% | 0.50% p.a. | 0.15% p.a. | N/A |
| First Capital Wealth Fund | 1,076.41 | 1,076.38 | 576 | 10.26% | 1.10% p.a. | 0.225% p.a. | N/A |
| First Capital Equity Fund | 866.25 | 822.94 | 13 | N/A | 1.00% p.a. | 0.23% p.a. | 25% over ASTRI |

| TRAILING RETURNS (%) | | | | | | | |
|---------------------------------|--------------|---------------|---------------|----------------|------------|---------|--------------------------|
| | YTD | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 | Performance as of Jul-18 |
| FIXED INCOME FUNDS | | | | | | | Since Inception |
| First Capital Money Market Fund | 11.37% | 11.92% | 10.39% | 7.92% | 7.20% | N/A | 11.13% |
| First Capital Gilt Edge Fund | 6.89% | 9.14% | 19.06% | 4.17% | -3.46% | N/A | 9.35% |
| First Capital Wealth Fund | 10.01% | 11.32% | 10.63% | 4.90% | 15.48% | 17.60% | 17.27% |
| BALANCED FUND | 1 Month | 3 Months | 6 Months | 12 Months | 2 Years | | Since Inception |
| First Capital Equity Fund | 1.16% | -8.90% | -11.33% | -17.32% | N/A | | -9.23% |
| ASTRI* | -0.73% | -5.77% | -4.83% | -7.02% | N/A | | -12.98% |
| Out/(Under) Performance | 1.89% | -3.13% | -6.50% | -10.30% | N/A | | 3.75% |



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11.09% P.A.
current yield as at 12/06/18

* Flexibility to withdraw funds at anytime

† The current yield is variable and subject to change. Past performance is not an indicator of future performance. Investors are advised to read and understand the contents of the Explanatory Memorandum before investing.

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RESEARCH

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| Atchuthan Srirangan | +94 11 2639 863 | Nisansala Kuruppumudali | +94 11 2639 866 |
| Amanda Lokugamage | +94 11 2639 868 | | |

GOVERNMENT SECURITIES SALES

| | | | |
|---------------------|-----------------|---------------------|-----------------|
| Anjelo Simmons | +94 77 3031 636 | Neminda Jayawardena | +94 76 6644 080 |
| Anushka Dissanayake | +94 77 2220 021 | Arun Kandasamy | +94 75 4861 506 |
| Anushi Ranawaka | +94 77 3876 819 | | |

CORPORATE DEBT SALES

| | | | |
|-------------------------|-----------------|--------------------------|-----------------|
| Sewwandi Kathriarachchi | +94 77 3461 734 | Mahesh Amarasinghe | +94 77 0073 684 |
| Nethalie De Mel | +94 11 2639 854 | Dharshanie Vasanthajothy | +94 77 9159 878 |

EQUITY SALES

| | | | | |
|----------------------|------------------|-----------------|--------------------|-----------------|
| CEO | Jaliya Wijeratne | +94 70 2910 042 | Negombo | |
| | | | Priyanka Anuruddha | +94 70 2910 035 |
| Colombo | | | Priyantha Wijesiri | +94 70 2910 036 |
| Damian Le Grand | +94 70 2910 032 | | | |
| Nishantha Mudalige | +94 70 2910 041 | | | |
| Isuru Jayawardana | +94 70 2910 034 | | | |
| Ifadh Marikar | +94 77 9625 679 | | | |
| Thushara Pathiraja | +94 70 2910 037 | | | |
| Anushka Buddhika | +94 70 2910 030 | | | |
| Gamini Hettiarachchi | +94 70 2910 039 | | | |

UNIT TRUST SALES

| | | | |
|-----------------------|-----------------|---------------------|-----------------|
| Kavin Karunamoorthy | +94 77 0328 060 | Thiruni Gooneratne | +94 77 5077 695 |
| Imali Abeygunawardena | +94 77 1764 799 | Deepal Pathmaperuma | +94 77 9159 878 |

BRANCHES

| Kandy | Kurunegala | Matara | Negombo |
|--|--|---|--|
| 2nd Floor, No.121 Kotugodella Veediya (E L Senanayake Veediya) Kandy 20000. | Ground Floor No. 42, Mihindu Mawatha, Kurunegala 60000. | 2nd Floor, E.H. Cooray Building No: 24, 1/3, Anagarika Dharmapala Mawatha, Matara 81000. | 1st Floor No: 163B, Colombo Road, Negombo 11500. |
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